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# CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM

ALEXANDRIA, LOUISIANA

DECEMBER 31, 1999

*Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.*

Release Date MAY 3 1 2000

**CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM**

**DECEMBER 31, 1999**

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
City of Alexandria Employees'  
Retirement System

We have audited the accompanying financial statements of the City of Alexandria Employees' Retirement System, Alexandria, Louisiana, (a pension trust fund of the City of Alexandria, Louisiana) as of and for the year ended December 31, 1999, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the City of Alexandria Employees' Retirement System (a pension trust fund of the City of Alexandria, Louisiana) and are not intended to present fairly the financial position and results of operations of the City of Alexandria, Louisiana, in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the City of Alexandria Employees' Retirement System, as of December 31, 1999, and the changes in financial status for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report date February 22, 2000, on our consideration of the City of Alexandria Employees' Retirement System's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

MARVIN A. JUNEAU, C.P.A.	ROBERT L. LITVIN, C.P.A.	REBECCA B. MORRIS, C.P.A.
H. FRED RANDOW, C.P.A.	ROBERT W. OYDRAK, C.P.A.	MICHAEL A. JUNEAU, C.P.A.
ERNEST T. SASSER, C.P.A.	DALE P. DE SILLIE, C.P.A.	L. PAUL HOOD, C.P.A.



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PAYNE, MOORE & HERRINGTON, LLP

Board of Trustees  
City of Alexandria Employees'  
Retirement System

We have also previously audited, in accordance with generally accepted auditing standards, the financial statements as of and for the years ended December 31, 1994, 1995, 1996, 1997, and 1998 (none of which are presented herein); and we expressed unqualified opinions on those financial statements.

In our opinion, the information set forth in the required supplemental information for each of the six years in the period ended December 31, 1999, appearing on pages 9 through 11, is fairly stated in all material respects, in relation to the basic financial statements from which it has been derived.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information listed as additional information in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Payne, Moore & Herrington, LLP*

Certified Public Accountants

February 22, 2000

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
STATEMENT OF PLAN NET ASSETS  
DECEMBER 31, 1999

EXHIBIT A

ASSETS

Cash		\$ 998,664
Accrued interest and dividends receivable		620,423
Investments, at fair value:		
Corporate bonds (amortized cost \$16,850,024)	\$ 16,170,504	
U.S. treasury obligations (amortized cost \$794,697)	825,069	
Zero coupon treasury receipts (amortized cost \$6,155,549)	6,879,475	
GNMA notes (amortized cost \$719,583)	841,480	
U.S. government agency notes (amortized cost \$8,167,696)	7,955,238	
Corporate stocks		
Preferred stock (cost \$250,000)	205,625	
Common stocks (cost \$19,005,169)	<u>33,445,150</u>	
Total Investments (cost \$51,942,718)		66,322,541
Furniture, fixtures, and equipment, net of depreciation		<u>6,288</u>
Total Assets		<u>67,947,916</u>

LIABILITIES

Payroll taxes withheld		<u>300</u>
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NET ASSETS HELD IN TRUST FOR PENSION BENEFITS

<u>(A schedule of funding progress is presented on page 9)</u>		<u>\$67,947,616</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
STATEMENT OF CHANGES IN PLAN NET ASSETS  
YEAR ENDED DECEMBER 31, 1999

EXHIBIT B

ADDITIONS

Contributions

Employer

Plan members

Total Contributions

\$ 2,527,803

1,430,043

3,957,846

Investment income

Interest

Dividends

Net appreciation in fair value of investments

Total Investment income

Total Additions

1,782,664

426,839

2,585,453

4,794,956

8,752,802

DEDUCTIONS

Plan benefits

Employee refunds

Administrative expenses

Total Deductions

4,603,248

194,239

109,959

4,907,446

NET INCREASE

3,845,356

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS,  
BEGINNING OF YEAR

64,102,260

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS,  
END OF YEAR

\$67,947,616

The accompanying notes are an integral part of the financial statements.

**CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

**1. PLAN DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES**

The City of Alexandria Employees' Retirement System (the System) is the administrator of a single-employer defined benefit plan established by Act 459 of the Louisiana Legislature of 1948, as amended, and administered by the City of Alexandria. The System is considered part of the City of Alexandria financial reporting entity and is included in the City's financial reports as a pension trust fund.

The financial statements contained herein present only the City of Alexandria Employee's Retirement System and are not intended to present fairly the financial position and results of operations of the City of Alexandria, Louisiana in conformity with generally accepted accounting principles.

Plan Description

Substantially all employees of the City, except firemen and policemen, become members of the System as a condition of employment. At December 31, 1999, System membership consisted of:

Current employees	
Vested	256
Nonvested	277
Terminated members due future benefits	3
Terminated members not due future benefits	122
Retirees and survivors currently receiving benefits	<u>343</u>
Totals	1,001

The following brief description of the System is provided for general information only.

Retirement Benefits -- Members with ten years of creditable service may retire at age sixty-two; members with at least twenty years of creditable service may retire at age sixty; members with twenty-five years of service may retire at age fifty-five; members with thirty years of service may retire regardless of age. The retirement allowance is equal to three percent of the member's average compensation multiplied by the number of years of creditable service, not to exceed one hundred percent of average compensation. (Average compensation is defined as the highest three year average annual compensation.)

Disability Benefits -- Five years of creditable service are required in order to be eligible for disability benefits. Disabled members receive a retirement allowance if they have attained the age of sixty-two. Otherwise, they receive three percent of the final average compensation for each year of service, not to be less than three hundred dollars per year.

Survivor Benefits -- Three years of creditable service are required in order to be eligible for survivor benefits. The survivor is entitled to twice the amount of accumulated contributions or two months salary, whichever is greater, plus \$1, 000. If the member has completed fifteen or more years of service, the surviving spouse is entitled to an automatic option 2 benefit (an actuarially equivalent joint and full survivor benefit) which ceases if the spouse remarries. In lieu of option 2, the spouse may receive the greater of a refund of twice the member's contributions with interest earnings or two months salary. Widows, who are a least age fifty, of members who die prior to retirement but subsequent to becoming eligible to retire are entitled to automatic option 2 benefits.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
DECEMBER 31, 1999

NOTES TO FINANCIAL STATEMENTS

Contribution Refunds -- Upon withdrawal from service, members not entitled to a retirement allowance are paid a refund of accumulated contributions on request. Receipt of such a refund cancels all accrued rights in the System.

Contribution Rates -- Covered employees are required by statute to contribute ten percent of their salary to the system. The City is required by statute to contribute remaining amounts necessary to finance the System at an actuarially determined rate. Benefit and contribution provisions are established by state law and may be amended only by the Louisiana Legislature.

Administrative Costs -- Administrative costs of the plan are financed through investment earnings.

Significant Accounting Policies

Basis of Accounting -- The System's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and when the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Cash -- Management considers all highly liquid investments, with a maturity of three months or less when acquired, to be cash.

Investments -- Statutes allow the System to invest in securities issued, guaranteed, or insured by the United States government; bonds and other evidence of indebtedness issued by states or their political subdivisions; stocks, bonds, or other securities or evidence of indebtedness issued by any solvent corporation created under the laws of the United States or any of the states of the United States; and certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana.

Investments are reported at fair value. Corporation bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Securities traded on the national securities exchange are valued at the last reported sales price on the last business day of the plan year. Investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and asked prices.

Furniture, Fixtures, and Equipment -- Furniture, fixtures, and equipment are valued at cost less accumulated depreciation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related asset, as applicable. Depreciation is computed using the straight-line method over the estimated economic life of the assets.

**CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

**2. CASH**

The System's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the System or its agent in the System's name (GASB Category 1).

**3. FURNITURE, FIXTURES, AND EQUIPMENT**

A summary of changes in furniture, fixtures, and equipment during the year is presented below:

	BALANCE 1/1/99	ADDITIONS	(DELETIONS)	BALANCE 12/31/99
Furniture and fixtures	\$ 4,137	\$ -0-	\$ -0-	\$ 4,137
Computer equipment	<u>20,570</u>	<u>-0-</u>	<u>(10,277)</u>	<u>10,293</u>
Total	\$ 24,707	\$	\$ (10,277)	\$ 14,430
Accumulated depreciation				<u>8,142</u>
Net				\$ 6,288

The following estimated lives are used to compute depreciation on the straight-line method.

Furniture and fixtures	7 – 10 years
Computer equipment	5 years

Depreciation expense recorded in the financial statements for the year ended December 31, 1999, amounted to \$2,226.

**REQUIRED SUPPLEMENTAL INFORMATION**

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
 REQUIRED SUPPLEMENTAL INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
 (in thousands of dollars)

SCHEDULE 1

ACTUARIAL VALUATION DATE	(1) ACTUARIAL VALUE OF ASSETS	(2) ACTUARIAL ACCRUED LIABILITY (AAL) - FROZEN ENTRY AGE	(3) FUNDED RATIO (1) / (2)	(4) UNFUNDED AAL (UAAL) (2) - (1)	(5) COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL (4) / (5)
12/31/94	\$ 37,103	\$ 56,565	65.6%	\$ 19,462	\$ 11,960	162.7%
12/31/95	41,113	60,825	67.6%	19,712	12,444	158.4%
12/31/96	45,453	65,383	69.5%	19,930	12,678	157.2%
12/31/97	49,313	69,424	71.0%	20,111	13,148	153.0%
12/31/98	55,151	75,371	73.2%	20,220	13,393	151.0%
12/31/99	62,301	82,642	75.4%	20,341	14,231	142.9%

See independent auditor's report.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
REQUIRED SUPPLEMENTAL INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS

SCHEDULE 2

<u>YEAR ENDED</u>	<u>ANNUAL REQUIRED CONTRIBUTION</u>	<u>PERCENTAGE CONTRIBUTED</u>
12/31/94	\$ 1,947,075	100%
12/31/95	2,065,929	100%
12/31/96	2,348,477	100%
12/31/97	2,441,767	100%
12/31/98	2,450,850	100%
12/31/99	2,527,803	100%

See independent auditor's report.

**CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

The information presented in the required supplemental schedules was determined as part of the actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/99
Actuarial cost method	Frozen Entry Age Normal
Amortization method	Level percent closed
Remaining amortization period	20 years
Asset valuation method	Common stock values were determined by using a three year smoothing of realized and unrealized gains and losses with one year retroactive phase in. For all other assets, amortized cost was used.

Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increase	5.5%
Includes inflation at	3.25%
Includes merit raises at	2.25%
Cost-of-living adjustments	None

See independent auditor's report.

**ADDITIONAL INFORMATION**

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
 SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS  
 YEAR ENDED DECEMBER 31, 1999

SCHEDULE 3

CASH RECEIPTS	
Employer contributions	\$ 2,678,388
Member contributions	1,430,043
Interest received	1,696,918
Dividends received	420,112
Proceeds from sale or redemption of investments	<u>16,958,714</u>
Total Cash Receipts	23,184,175
CASH DISBURSEMENTS	
Plan benefits	4,603,248
Refunds of contributions	194,239
Administrative expenses	107,643
Purchase of investments	<u>18,368,632</u>
Total Cash Disbursements	<u>23,273,762</u>
NET INCREASE (DECREASE) IN CASH	(89,587)
CASH, BEGINNING OF YEAR	<u>1,088,251</u>
<u>CASH, END OF YEAR</u>	<u>\$ 998,664</u>

See independent auditor's report.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENTS - CORPORATE BONDS  
DECEMBER 31, 1999

SCHEDULE 4  
1 of 2

DESCRIPTION	MATURITY DATE	INTEREST RATE	FACE VALUE	AMORTIZED COST	FAIR VALUE
Aetna Services, Inc.	11/15/17	8.000%	\$ 193,000	\$ 177,116	\$ 186,568
Aetna Services, Inc.	08/15/23	7.250%	200,000	197,550	176,000
Alabama Power	02/01/23	7.750%	300,000	298,531	282,352
Alabama Power	11/01/23	7.300%	200,000	198,016	194,161
American Telephone & Telegraph	07/15/24	8.125%	200,000	200,000	194,432
American Telephone & Telegraph	07/15/24	8.125%	200,000	200,408	194,432
American Telephone & Telegraph	12/01/31	8.625%	400,000	399,091	409,246
Atlantic Richfield	02/01/22	8.250%	200,000	200,000	211,700
Atlantic Richfield	03/01/32	8.750%	100,000	100,000	111,842
Baltimore Gas & Electric	03/01/23	7.500%	179,000	179,000	164,100
Bell Telephone Co. of Pennsylvania	03/15/33	7.375%	200,000	199,412	179,294
Chesapeake & Potomac Telephone Co.	04/15/24	7.250%	100,000	99,210	90,584
Coca Cola Enterprises	09/15/22	8.000%	300,000	300,000	305,828
Consolidated Edison Company	06/15/23	7.500%	200,000	187,475	184,649
Consolidated Edison Company	02/15/29	7.125%	300,000	298,736	267,609
Dow Chemical	04/01/21	9.000%	135,000	134,879	151,285
Duke Power Company	05/01/24	7.875%	200,000	196,121	192,263
E I duPont deNemours	02/15/03	8.500%	230,000	229,495	234,001
E I duPont deNemours	03/15/04	8.125%	100,000	99,888	103,333
E I duPont deNemours	03/01/33	7.500%	200,000	197,704	178,043
Eastman Kodak	06/01/21	9.200%	115,000	113,558	129,733
Florida Power & Light	02/01/23	7.750%	200,000	197,846	188,871
Florida Power Corporation	12/01/22	8.000%	300,000	298,850	288,018
Florida Power Corporation	09/01/25	7.000%	300,000	297,563	265,575
Ford Motor Company	09/15/11	9.000%	200,000	199,880	225,169
Ford Motor Company	01/15/22	8.875%	300,000	297,750	328,155
General Motors	07/15/21	9.400%	300,000	298,618	347,441
GTE - California, Inc.	04/15/24	8.070%	200,000	200,000	194,291
Illinois Bell Telephone Company	07/01/23	7.125%	200,000	199,400	176,917
Illinois Bell Telephone Company	03/15/24	7.250%	200,000	195,851	179,263
Illinois Bell Telephone Company	03/15/24	7.250%	300,000	297,110	268,895
Jersey Central Power & Light Co.	11/01/25	6.750%	300,000	297,287	254,289
K-Mart	02/01/23	7.950%	300,000	298,722	258,000
Mobil Oil	08/15/21	8.625%	100,000	99,267	111,422
Morgan Stanley Group	02/01/24	7.500%	200,000	199,183	176,051
New England Telephone & Telegraph	10/01/23	6.875%	300,000	294,600	263,052
New Jersey Bell Telephone Company	03/01/23	7.250%	200,000	195,758	179,565
New Jersey Bell Telephone Company	12/15/24	6.800%	200,000	195,200	172,428
New York Telephone Company	02/01/23	7.625%	750,000	731,250	731,250
New York Telephone Company	02/15/24	7.250%	100,000	99,081	89,172
New York Telephone Company	02/15/24	7.250%	100,000	99,077	89,172
New York Telephone Company	08/15/25	7.000%	200,000	198,589	172,662
New York Telephone Company	08/15/25	7.000%	200,000	196,228	172,662
Pacific Bell Telephone Company	08/15/23	6.875%	200,000	197,400	173,729
Pacific Bell Telephone Company	08/15/23	6.875%	200,000	195,174	173,729
Pacific Bell Telephone Company	02/01/33	7.500%	200,000	198,241	183,176
Pacific Gas & Electric	03/01/26	7.250%	200,000	196,932	182,748

See Independent Auditor's Report.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENTS - CORPORATE BONDS  
DECEMBER 31, 1999

SCHEDULE 4  
2 of 2

DESCRIPTION	MATURITY DATE	INTEREST RATE	FACE VALUE	AMORTIZED COST	FAIR VALUE
Pacific Gas & Electric	08/01/26	7.250%	\$ 100,000	\$ 99,898	\$ 90,328
Phillip Morris	01/01/01	9.000%	200,000	200,000	202,116
Phillip Morris	01/01/01	9.000%	200,000	203,367	202,117
Phillip Morris	01/15/17	8.375%	155,000	153,531	145,431
Phillips Petroleum Company	04/15/23	7.920%	750,000	743,550	710,084
Potomac Electric Power Company	03/15/28	7.500%	200,000	197,363	183,762
Reliant Energy	07/01/23	7.500%	100,000	95,322	91,843
Rockwell International	02/15/01	8.375%	200,000	199,771	203,109
Sears Roebuck	11/01/11	9.375%	250,000	250,000	271,042
Sears Roebuck Acceptance	09/18/07	6.700%	500,000	500,000	463,230
Southern California Edison	07/15/25	7.125%	200,000	194,638	178,226
Southern California Edison	07/15/25	7.125%	200,000	201,234	178,226
Southern California Gas	10/01/21	8.750%	300,000	300,000	298,655
Southwestern Bell Telephone Company	07/15/25	7.250%	400,000	400,000	357,882
Stanley Works	03/01/04	5.750%	750,000	746,364	711,561
The Potomac Edison Company	12/01/22	8.000%	300,000	299,138	288,018
The Potomac Edison Company	12/01/22	8.000%	200,000	196,288	192,012
The Potomac Edison Company	06/01/24	8.000%	100,000	99,287	95,923
U.S. West Communications Company	06/15/23	7.500%	200,000	197,958	180,839
U.S. West Communications Company	09/15/33	6.875%	200,000	194,270	165,278
Union Electric Company	12/15/22	8.000%	750,000	747,310	720,061
Wal-Mart Stores	07/15/00	9.100%	250,000	249,688	253,604
<b>TOTALS</b>			<b>\$ 17,007,000</b>	<b>\$ 16,850,024</b>	<b>\$ 16,170,504</b>

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
 INVESTMENTS - U.S. TREASURY OBLIGATIONS  
 DECEMBER 31, 1999

SCHEDULE 5

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>FACE VALUE</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE</u>
U.S. Treasury Bond	5/15/05	8.250%	\$ 300,000	\$ 300,078	\$ 302,602
U.S. Treasury Bond	5/15/08	8.375%	300,000	298,650	316,250
U.S. Treasury Note	8/15/04	7.250%	<u>200,000</u>	<u>195,969</u>	<u>206,217</u>
 <u>TOTALS</u>			 <u>\$ 800,000</u>	 <u>\$ 794,697</u>	 <u>\$ 825,069</u>

See independent auditor's report.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
 INVESTMENTS - ZERO COUPON TREASURY RECEIPTS  
 DECEMBER 31, 1999

SCHEDULE 6

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>YIELD</u>	<u>FACE VALUE</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE</u>
Zero Coupon Treasury Receipt	02/15/02	9.134%	\$ 1,066,920	\$ 882,470	\$ 930,051
Zero Coupon Treasury Receipt	05/15/03	9.177%	736,700	544,210	590,120
Zero Coupon Treasury Receipt	02/15/00	9.480%	470,500	465,080	468,305
Zero Coupon Treasury Receipt	02/15/00	9.480%	108,540	107,290	108,034
Zero Coupon Treasury Receipt	02/15/00	9.045%	264,540	261,630	262,768
Zero Coupon Treasury Receipt	11/15/12	8.616%	790,000	337,310	445,569
Zero Coupon Treasury Receipt	08/15/04	8.844%	689,768	461,810	507,636
Zero Coupon Treasury Receipt	08/15/03	9.530%	811,980	589,120	639,402
Zero Coupon Treasury Receipt	08/15/14	8.661%	1,013,000	374,160	528,988
Zero Coupon Treasury Receipt	11/15/03	9.161%	1,000,000	707,630	775,662
Zero Coupon Treasury Receipt	08/15/15	7.940%	516,000	152,782	177,696
Zero Coupon Treasury Receipt	02/15/17	8.300%	3,000,000	745,235	936,252
Zero Coupon Treasury Receipt	07/09/12	8.000%	600,000	225,070	216,180
Zero Coupon Treasury Receipt	06/01/17	7.000%	1,000,000	301,752	292,812
<u>TOTALS</u>			<u>\$ 12,067,948</u>	<u>\$ 6,155,549</u>	<u>\$ 6,879,475</u>

Yield represents yield to maturity.

See independent auditor's report.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
 INVESTMENTS - GNMA NOTES  
 DECEMBER 31, 1999

SCHEDULE 7

<u>DESCRIPTION</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL BALANCE</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE</u>
GNMA Notes	9.00%	\$ 293,400	\$ 266,461	\$ 308,614
GNMA Notes	9.50%	208,799	198,401	223,210
GNMA Notes	10.00%	144,735	139,629	157,021
GNMA Notes	10.50%	22,838	20,422	24,861
GNMA Notes	11.00%	8,673	7,780	9,497
GNMA Notes	11.50%	14,807	13,201	16,502
GNMA Notes	12.00%	20,022	16,323	22,596
GNMA Notes	12.50%	47,589	44,157	53,958
GNMA Notes	13.00%	5,994	5,690	6,744
GNMA Notes	13.50%	7,730	3,566	8,881
GNMA Notes	14.00%	8,322	3,953	9,596
 <u>TOTALS</u>		 <u>\$ 782,909</u>	 <u>\$ 719,583</u>	 <u>\$ 841,480</u>

All of the above are monthly principal reduction notes, with final maturity scheduled on various dates.

See independent auditor's report.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
 INVESTMENTS - U.S. GOVERNMENT AGENCY NOTES  
 DECEMBER 31, 1999

SCHEDULE 8

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>FACE VALUE</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE</u>
FNMA Note	05/23/05	6.320%	\$ 1,250,000	\$ 1,248,884	\$ 1,198,501
FFCB Notes	01/28/00	4.669%	500,000	477,688	498,250
FNMA Note	03/17/04	6.120%	400,000	400,000	385,537
FFCB Notes	03/12/04	5.625%	1,000,000	991,124	954,951
FHLB Bonds	12/17/01	6.140%	250,000	250,000	246,462
FHLMC Note	07/27/04	6.500%	1,500,000	1,500,000	1,461,689
FHLB Bonds	08/06/04	6.300%	1,000,000	1,000,000	967,574
FHLB Bonds	08/19/09	7.115%	1,300,000	1,300,000	1,258,127
FHLB Bonds	08/24/06	7.160%	1,000,000	1,000,000	984,147
<u>TOTALS</u>			<u>\$ 8,200,000</u>	<u>\$ 8,167,696</u>	<u>\$ 7,955,238</u>

See independent auditor's report.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENTS - PREFERRED STOCK  
DECEMBER 31, 1999

SCHEDULE 9

<u>DESCRIPTION</u>	<u>NUMBER OF SHARES</u>	<u>COST</u>	<u>FAIR VALUE</u>
Virginia Electric & Power 7.15 Pfd	10,000	\$ 250,000	\$ 205,625

See independent auditor's report.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
 INVESTMENTS - COMMON STOCKS  
 DECEMBER 31, 1999

SCHEDULE 10  
 6 of 7

<u>DESCRIPTION</u>	<u>NUMBER OF SHARES</u>	<u>COST</u>	<u>FAIR VALUE</u>
Allstate Corportion	2,000	\$ 102,794	\$ 48,000
Anheuser Busch Company	3,000	96,014	212,625
AT&T Corporation	3,750	169,386	190,313
Baker Hughes, Inc.	6,000	203,519	126,375
BellSouth Corporation	8,500	373,346	397,906
Boeing Company	10,000	538,877	415,625
Bristol Myers Squibb	4,000	163,534	256,750
Cleco Corporation	11,000	301,744	352,688
Citigroup, Inc.	15,000	516,030	833,437
Coca-Cola Company	11,000	260,811	640,750
Compaq Computer Corporation	3,000	127,173	81,187
Cracker Barrel Country Store	7,000	197,716	67,922
Deere & Company	7,000	416,612	303,625
Dell Computer Corporation	6,000	269,684	306,000
Electronic Data System	400	1,769	25,925
Eli Lilly and Company	7,000	259,095	465,500
Emerson Electric Company	10,000	293,131	573,750
Exxon	10,000	454,920	805,625
Federal National Mortgage Corporation	6,000	421,217	374,625
Fluor Corporation	6,000	363,474	275,250
General Electric Company	20,000	459,298	3,095,000
Gillette Company	12,000	480,159	494,250
Globalstar Telecom, Ltd.	3,000	84,755	132,000
GTE Corporation	10,000	446,536	705,625
H.J. Heinz Company	10,000	301,274	398,125
Halliburton Company	8,000	330,342	322,000
Hershey Foods Corporation	6,000	214,320	285,000
Hewlett-Packard Company	10,000	644,924	1,139,375
Hibernia Corporation	32,500	574,136	345,312
Honeywell	5,000	194,890	288,437
Hughs Electronics	1,000	11,706	96,000
Intel Corporation	14,000	334,413	1,152,375
International Business Machines	24,000	497,836	2,592,000
J.P. Morgan & Co., Inc.	3,500	423,150	443,188
Johnson & Johnson	7,000	426,793	651,875
Kaiser Aluminum Corporation	20,000	233,039	153,750

See independent auditor's report.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENTS - COMMON STOCKS  
DECEMBER 31, 1999

SCHEDULE 10  
7 of 7

<u>DESCRIPTION</u>	<u>NUMBER OF SHARES</u>	<u>COST</u>	<u>FAIR VALUE</u>
Lucent Technologies, Inc.	24,000	\$ 270,037	\$ 1,795,500
Medtronic, Inc.	16,000	222,049	583,000
Merck & Company	10,000	243,135	670,625
Microsoft Corporation	8,000	267,063	934,000
Motorola, Inc.	6,000	317,010	883,500
Novell, Inc.	15,000	207,144	599,063
Pepsico, Inc.	11,500	335,056	405,375
Pfizer	30,000	378,657	973,125
Pharmacia & Upjohn, Inc.	6,000	352,852	270,000
Procter & Gamble Company	7,500	637,265	821,719
Raytheon Company	1,008	30,074	25,011
Readers Digest Association	6,000	275,456	175,500
SBC Communications	25,212	598,766	1,229,085
Schlumberger, Ltd.	7,000	255,918	439,363
Texaco, Inc.	7,000	419,980	380,187
Texas Instruments, Inc.	4,000	188,131	387,500
Tidewater, Inc.	11,000	411,273	396,000
W.M. Wrigley Company	5,000	221,048	414,688
Walt Disney Company	15,000	398,884	438,750
Warner-Lambert Company	5,000	367,729	409,688
Weyerhauer Company	4,000	142,695	287,250
Whitney Holding Corporation	12,000	537,407	444,750
Winn-Dixie Stores, Inc.	10,000	366,637	239,375
World Com, Inc.	22,500	372,486	1,193,906
 <u>TOTALS</u>		 <u>\$ 19,005,169</u>	 <u>\$ 33,445,150</u>

**OTHER REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND LOUISIANA GOVERNMENTAL AUDIT GUIDE**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON  
AND AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
City of Alexandria Employees'  
Retirement System

We have audited the financial statements of the City of Alexandria Employees' Retirement System, Alexandria, Louisiana, (a pension trust fund of the City of Alexandria, Louisiana) as of and for the year ended December 31, 1999, and have issued our report thereon dated February 22, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Alexandria Employees' Retirement System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Alexandria Employees' Retirement System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

MARVIN A. JUNEAU, C.P.A.  
H. FRED HANOW, C.P.A.  
ERNEST T. SASSER, C.P.A.

ROBERT L. LUTTEN, C.P.A.  
ROBERT W. OVDRAK, C.P.A.  
DALE P. DE SENTE, C.P.A.

REBECCA B. MORRIS, C.P.A.  
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PAYNE, MOORE & HERRINGTON, LLP

Board of Trustees  
City of Alexandria Employees'  
Retirement System

This report is intended solely for the information of the Board of Trustees and management of the City of Alexandria Employees' Retirement System and the Legislative Auditor's office of the State of Louisiana. This report is not intended to be, and should not be, used by anyone other than these specified parties.

*Payne, Moore & Herrington, LLP*

Certified Public Accountants

February 22, 2000

**SCHEDULE OF FINDINGS AND QUESTIONS COSTS**

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED DECEMBER 31, 1999

**PART I - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Reportable condition(s) identified not considered to be material weaknesses?

\_\_\_\_\_ Yes      X   None reported

Noncompliance material to the financial statements noted?

\_\_\_\_\_ Yes      X   No

*Federal Awards*

Not Applicable

*Prior Year Audit Findings*

None

*Management's Corrective Action Plan*

Not Applicable

*Other Comments and Recommendations*

Not Applicable

**PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

None

**PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None